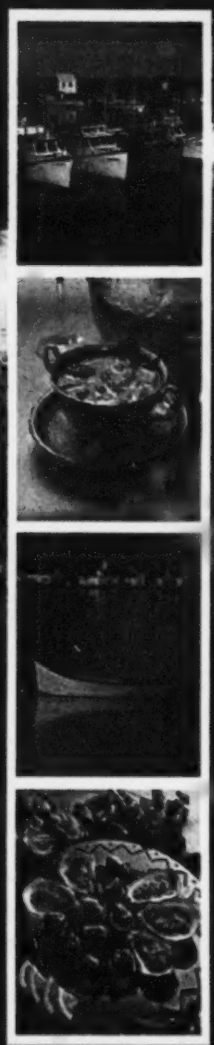
PEI Aquaculture and Fisheries Research Initiative Inc. Annual Report 2007/2008



Prince Edward Island
CANADA

Fisheries and Aquaculture

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Annual Report 2007/2008

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Message from the Minister

To the Honourable Barbara A. Hagerman
Lieutenant Governor of Prince Edward Island
P.O. Box 846
Charlottetown, PE C1A 7L9

May It Please Your Honour:

I have the honour to submit herein the annual report of the *Prince Edward Island Aquaculture and Fisheries Research Initiative* for the period April 1, 2007 to March 31, 2008.

Respectfully submitted,

Allan V. Campbell

Allan V. Campbell, *Minister*
Fisheries and Aquaculture

Board of Directors

Richard Gallant	Chairperson
Jim Bellamy	Member
Jerry Bidgood	Member
Bob Fortune	Member
David Lewis	Member
Bobby MacInnis	Member
Crystal McDonald	Member
Ken Moyaert	Member
Jeff White	Member
Kelly Cantelo	Program Officer and Recording Secretary

Board of Director's Report

The Board of Directors is pleased to submit the annual report highlighting the activities of the *Prince Edward Island Aquaculture and Fisheries Research Initiative* for the 2007-2008 fiscal year.

The corporation was established to encourage short-term applied or developmental aquaculture and fisheries research in partnership with individuals, businesses and organizations.

The corporation is managed by a board of directors representing government, research agencies and industry. The board held five meetings and the Annual Shareholders meeting.

The following is a summary of project activities for the 2007/08 fiscal year:

Approved Projects:

- **Tuna Tagging Project**

  Applicant: North Lake Harbour Authority
  Term of project: One year
  Project cost: $62,440
  AFRI approved: $41,952

- **Evaluation and Determination of Possible Environmental and Physiological Parameters Associated With Decreasing Physiological Condition of Oysters in Bedeque Bay, PEI**

  Applicant: PEI Shellfish Association
  Term of project: One year
  Project cost: $79,222.22
  AFRI approved: $63,377.78

- **Investigation into the Management of the Invasive Species; the Oyster Drill, the Violet Tunicate, the Clubbed Tunicate and the Vase Tunicate on Oyster Aquaculture Farms**
  Applicant(s): PEI Aquaculture Alliance and the Department of Fisheries and Aquaculture
  Term of project: One year
  Project cost: $56,655.37
  AFRI approved: $45,324.29

Ongoing Projects:

- **Cliona (Boring Sponge) Research Project**
  Applicant: Island Prince Aqua Farms
  Term of project: 3 years
  Project cost: $192,769.48
  AFRI approved: $17,343.88

- **Innovative Scallop Culture Gear Development Project**
  Applicant: Northumberland Strait Diversification Sea Scallop Research Group
  Term of project: Three years
  Project cost: $110,000
  AFRI approved: $56,000

Closed Projects:

- **Seafood Waste Strategy**
  Applicant: PEI Seafood Processors Association
  Project Cost: $18,000
  AFRI Contribution: $14,000

- **Investigation into the Life Cycle, Impact on Mussel Culture and Mitigation Strategies for the Vase Tunicate in PEI**
  Applicants: P.E.I. Aquaculture Alliance and the Department of Agriculture, Fisheries and Aquaculture
  Project Cost: $42,505
  AFRI Contribution: $34,004

Auditor General's Report

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PEI AQUACULTURE AND FISHERIES

RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2008

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2008 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 8, 2008

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2008

	2008	2007
ASSETS		
Cash	$ 33,187	$187,836
Short term investments	569,025	449,447
Accounts receivable - Province of PEI	150,000	100,000
	$752,212	$737,283
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued liability	$ 45,132	$ 38,602
Shareholder's equity		
Share capital - Note 4	100	100
Surplus - Statement 2	706,980	698,581
	707,080	698,681
	$752,212	$737,283

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: _____

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
Revenues		
Provincial grant	$150,000	$100,000
Interest revenue	28,689	21,915
	178,689	121,915
Expenditures		
Administration	6,262	6,508
Research projects	164,028	87,382
	170,290	93,890
Net gain for the year	8,399	28,025
Surplus, beginning of year	698,581	670,556
Surplus, end of year	$706,980	$698,581

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$100,000	$ 75,000
Payments to investment account - net	(95,078)	-
Payments to projects	(157,498)	(107,948)
Payments for administration costs	(6,262)	(6,508)
Interest received on bank balance	4,189	8,914
NET INCREASE (DECREASE) IN CASH	(154,649)	(30,542)
CASH		
Balance, beginning of year	187,836	218,378
Balance, end of year	$ 33,187	$187,836

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, commercial fisheries and processing research in the Province.

2. Summary of Significant Accounting Policies

The financial statements of the Commission have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Income and Expenses
Revenues and expenses are recorded using the accrual basis of accounting.

Use of Estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Provincial Administrative Expenses
Costs incurred by the Department of Fisheries, Aquaculture and Rural Development on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, directors' honoraria and miscellaneous administrative expenses.

Changes to Accounting Standards - Financial Instruments
Effective April 1, 2007, the corporation adopted the following new accounting standard issued by the Canadian Institute of Chartered Accountants.

Section 3855, *Financial Instruments - Recognition and Measurement,* which describes the standards for recognizing and measuring financial assets, financial liabilities and derivatives. This section requires that:

2. Summary of Significant Accounting Policies (continued...)

- all financial assets be measured at fair value, with some exceptions, for loans and investments that are classified as held-to-maturity.
- all financial liabilities be measured at fair value if they are derivatives or classified as held for trading purposes. Other financial liabilities are measured at their amortized cost.
- all derivative financial instruments be measured at fair value, even when they are part of a hedging relationship.

Section 3861, *Financial Instruments - Disclosure and Presentation,* which replaced Section 3860 and provided additional presentation and disclosure requirements in relation to the issuance of Section 3855. The majority of these standards were previously contained in Section 3860.

Due to the nature of the corporation's operations, the adoption of these new standards has only resulted in additional information being provided in the notes to the financial statements.

Financial Instruments
Financial instruments are comprised of cash, short term investments, accounts receivable, and accrued liabilities. Due to their short-term nature, all the financial instruments are considered to be carried at amounts which approximate their fair value.

Financial Risk Management Objectives and Policies
The corporation's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the corporation's exposure.

3. Commitments

In addition to the accrued liability, the corporation has approved five research projects providing the following future commitments:

2008-09	$114,890
2009-10	72,500
2010-11	36,000

4. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2008, there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Fisheries, Aquaculture and Rural Development, is the sole shareholder.

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